



Presentation by:

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Southwestern Power Administration (SWPA)

- A Power Marketing Administration (PMA), an agency of the Department of Energy (DOE).
- Formed by Section 5 of the Flood Control Act of 1944, which established SWPA to market federal hydropower to:
 - “...encourage the most widespread use... at the lowest possible rates ...consistent with sound business principles ...preference to public bodies and cooperatives.”



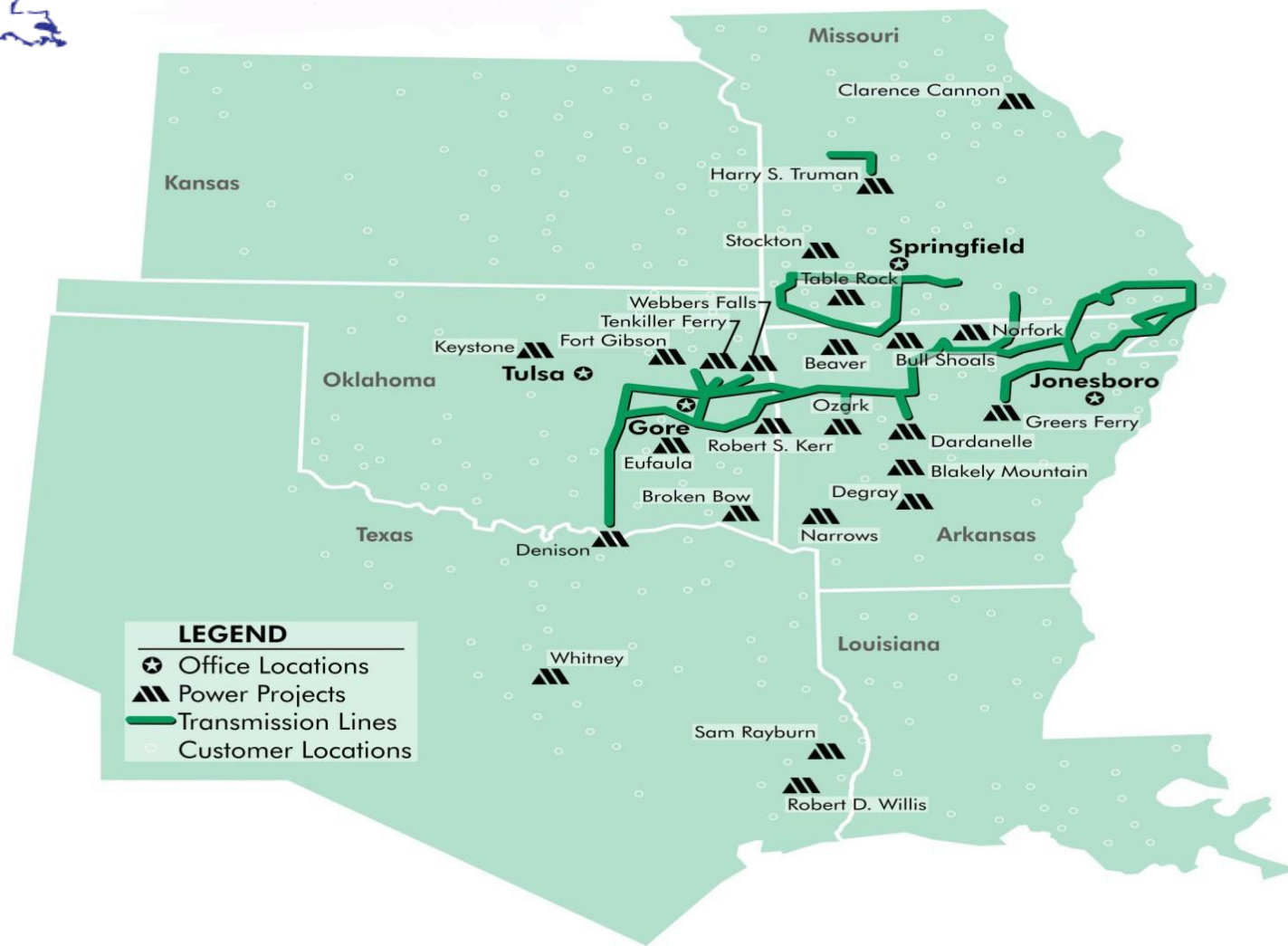
Southwestern Power Administration (SWPA)

- SWPA markets cost-based, wholesale power generated at 24 Federal, multi-purpose hydropower projects (owned by the U.S. Army Corps of Engineers).
- Operates 1,380 miles of high-voltage transmission line, 25 substations, and 46 communications sites.
- Markets 2,052.5 MW of capacity and an estimated annual energy of 5,570,000 MWh.



SOUTHWESTERN POWER RESOURCES ASSOCIATION

SWPA Resources





Southwestern Power Resources Association (SPRA)

- SPRA is a not-for-profit regional trade association, representing rural electric cooperatives, municipally owned electric utilities, and state power agencies located or doing business within the states of Missouri, Oklahoma, Texas, Arkansas, Louisiana, or Kansas.
- SPRA’s Mission Statement:
 - *“Southwestern Power Resources Association is dedicated to providing an effective liaison on behalf of the Association’s membership with the Southwestern Power Administration and other entities impacting the operation of the Southwest Federal Power System.”*



SPRA's Strategic Objectives include:

- Act as a liaison between Association members and Congress, the Administration, and federal and state agencies including DOE, SWPA, the Corps, US Fish and Wildlife Service, and state fish and game agencies;
- Support national trade associations in their efforts to maintain the Preference Principle and to seek the lowest possible rates for federal preference power consistent with sound business principles;
- Obtain for preference customers the maximum energy and capacity available from the Corps hydropower plants marketed by SWPA;
- Maintain the reliability of the Southwest Federal Power System; and
- Represent the interests of federal hydropower customers in dealings with other entities in regards to competing uses issues.



SPRA represents over *8,267,000* electric accounts in **AR, KS, LA, MO, OK, and TX**, including over:

- 1,138,000 in Arkansas
- 602,000 in Kansas
- 794,000 in Louisiana
- 2,628,000 in Missouri
- 603,000 in Oklahoma and
- 2,499,000 in Texas



SPRA members purchase hydroelectric power from **SWPA**, as generated from 24 locations of **USACE (Corps')** plants.

- Tulsa District – 8 Plants – 595.5 MW
- Little Rock District – 7 Plants – 1068.5 MW
- Fort Worth District – 3 Plants – 89.4 MW
- Vicksburg District – 3 Plants – 168.5 MW
- Kansas City District – 2 Plants – 212 MW
- St. Louis District – 1 Plant – 58 MW



SPRA members return nearly ***\$182,600,000*** *annually* to the US Treasury through rates charged by SWPA:

- Tulsa District – \$51,934,900
- Little Rock District – \$94,248,900
- Fort Worth District – \$7,717,796
- Vicksburg District – \$13,344,700
- Kansas City District – \$10,935,200
- St. Louis District – \$4,419,200



Since 1999, **SPRA** members have funded nearly \$751 million on replacements in Corps facilities and have committed to fund \$1.3 billion more over the next 30 years.



SWPA charges a rate for federal hydropower that includes:

- SWPA O&M
- Corps O&M for hydropower
- Energy and Capacity Charges
- Transmission charges if applicable
- Repayment on each dam, with interest
- Joint use costs at each dam
- Repayment of appropriations for capital expenses

Taxpayers pay *nothing* for federal hydropower- hydropower customers pay all expenses plus repayment on the dams



- Also contained in SWPA's rate is a component for rehabilitation and non-routine maintenance for all 24 projects in SWPA's region.
- SPRA made the decision to include this expense contained in the rate after an agreement was reached in 1999 to start funding capital projects.
- Through Congressional authorities SPRA holds these funds in a separate account for use by the Corps for projects approved by SPRA's Board.



- The Corps and SWPA meet together to “Rack and Stack” priority projects throughout the region to recommend to SPRA for approval.
- The Corps presents the proposed projects to SPRA, and SPRA’s Board approves the projects they want to fund for the FY.
- Several agreements are signed for each project approved to ensure funds are contractually obligated and available. An independent trustee oversees all transactions and three audits per year are completed on the accounts.



Laws that enable Customer Funding

- Flood Control Act of 1944
- DOE Organization Act of 1977
- Section 216 of WRDA 1996, as amended by Section 212 of WRDA 2000
- War Department Civil Appropriations Act of 1936 33 USC §701h
- Intergovernmental Cooperation Act of 1968
- Federal Tort Claims Act
- Contract Disputes Act of 1978
- FAR Part 33

33 USC 701h

The Secretary of the Army is authorized to receive from States and political subdivisions thereof and other non-Federal interests, such funds as may be contributed by them for work, which includes planning and design, to be expended in connection with funds appropriated by the United States for any authorized water resources development study or project, including a project for navigation on the inland waterways, whenever such work and expenditure may be considered by the Secretary of the Army, on recommendation of the Chief of Engineers, as advantageous in the public interest, and the plans for any reservoir project may, in the discretion of the Secretary of the Army, on recommendation of the Chief of Engineers, be modified to provide additional storage capacity for domestic water supply or other conservation storage, on condition that the cost of such increased storage capacity is contributed by local agencies and that the local agencies agree to utilize such additional storage capacity in a manner consistent with Federal uses and purposes: Provided, That the Secretary is authorized to receive and expend funds from a State or a political subdivision thereof, and other non-Federal interests or private entities, to operate a hurricane barrier project to support recreational activities at or in the vicinity of the project, at no cost to the Federal Government, if the Secretary determines that operation for such purpose is not inconsistent with the operation and maintenance of the project for the authorized purposes of the project: Provided further, That when contributions made by States and political subdivisions thereof and other non-Federal interests, are in excess of the actual cost of the work contemplated and properly chargeable to such contributions, such excess contributions may, with the approval of the Secretary of the Army, be returned to the proper representatives of the contributing interests: Provided further, That the term “States” means the several States, the District of Columbia, the commonwealths, territories, and possessions of the United States, and Federally recognized Indian tribes: Provided further, That the term “non-Federal interest” has the meaning given that term in section 1962d–5b of title 42.



Section 212 WRDA 2000

§2321a. Hydroelectric power project uprating

(a) In general

In carrying out the operation, maintenance, rehabilitation, and modernization of a hydroelectric power generating facility at a water resources project under the jurisdiction of the Department of the Army, the Secretary may, to the extent funds are made available in appropriations Acts or in accordance with subsection (c), take such actions as are necessary to optimize the efficiency of energy production or increase the capacity of the facility, or both, if, after consulting with the heads of other appropriate Federal and State agencies, the Secretary determines that such actions-

- (1) are economically justified and financially feasible;
- (2) will not result in any significant adverse effect on the other purposes for which the project is authorized;
- (3) will not result in significant adverse environmental impacts;
- (4) will not involve major structural or operational changes in the project; and
- (5) will not adversely affect the use, management, or protection of existing Federal, State, or tribal water rights.



Section 212 WRDA 2000 *continued*

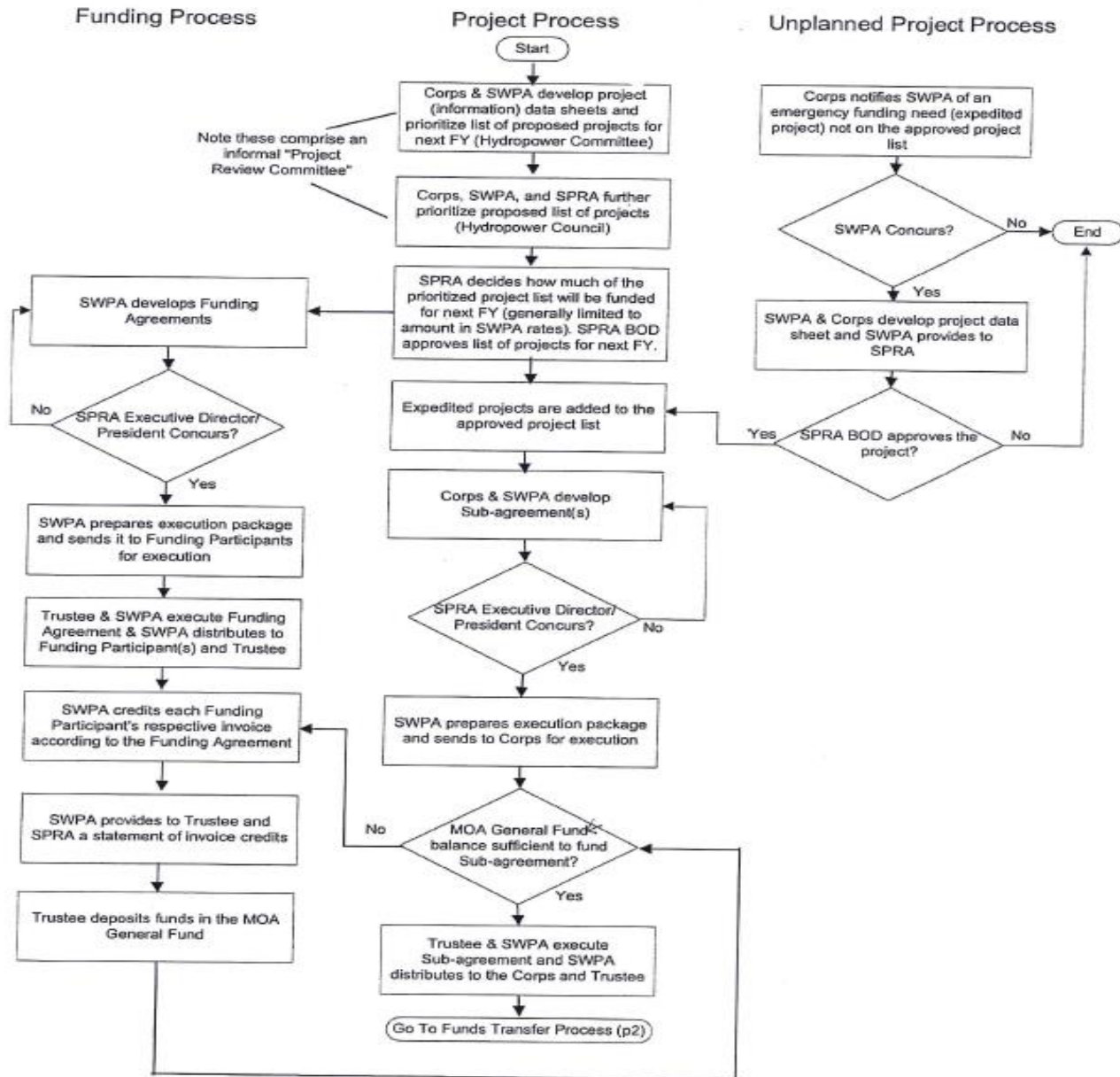
(b) Consultation

Before proceeding with any proposed uprating under subsection (a), the Secretary shall provide affected State, tribal, and Federal agencies with a copy of the proposed determinations under subsection (a). If the agencies submit comments, the Secretary shall accept those comments or respond in writing to any objections those agencies raise to the proposed determinations.

(c) Use of funds provided by preference customers

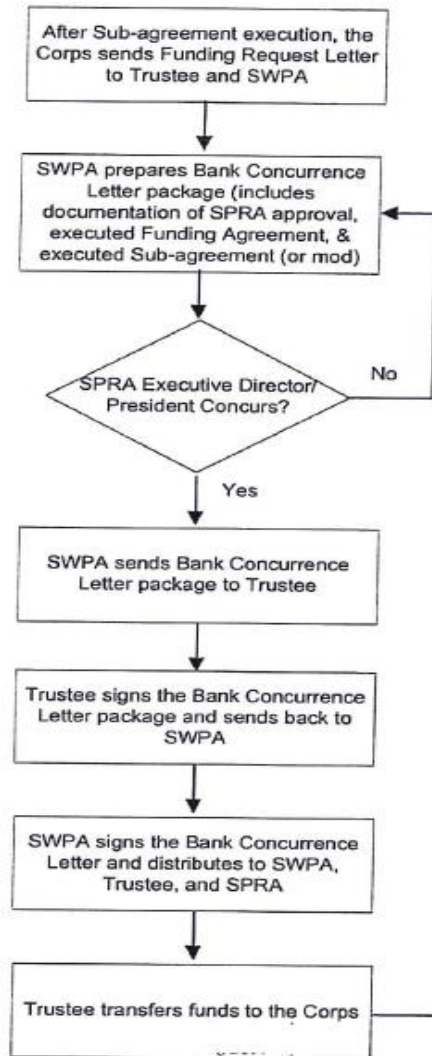
In carrying out this section, the Secretary may accept and expend funds provided by preference customers under Federal law relating to the marketing of power.

Trust MOA Process – Funding & Sub-agreement Projects
Draft – April 17, 2015

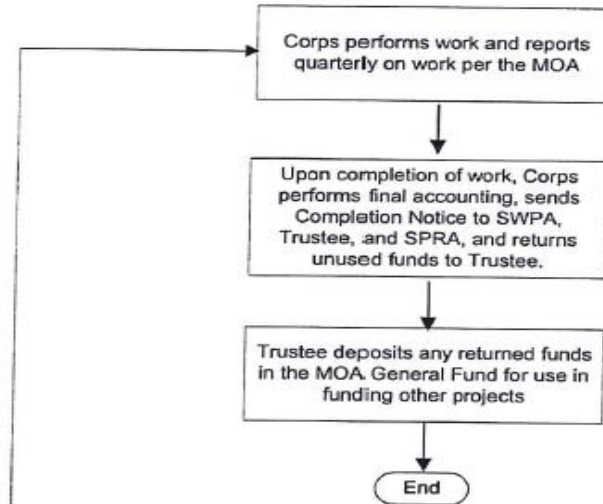


Trust MOA Process – Fund Transfer, Work, and Completion
Draft – April 17, 2015

Funds Transfer

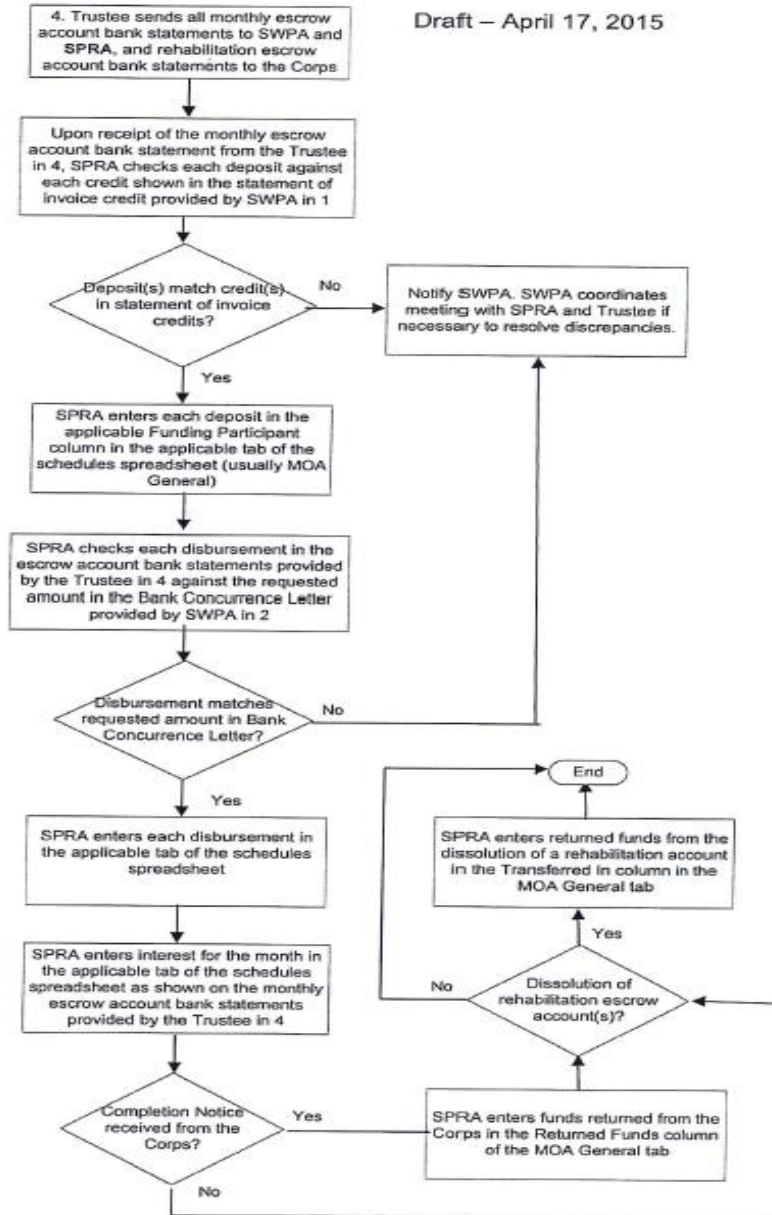
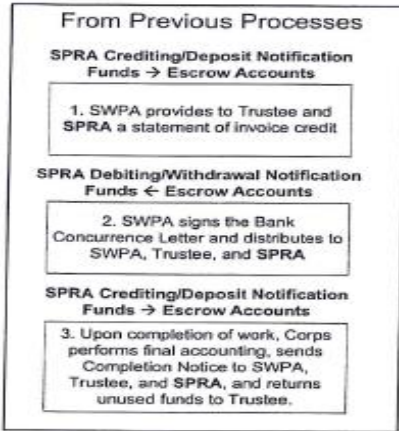


Work and Completion



SPRA Third Party Accounting Process

Draft – April 17, 2015





Questions?

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